

June 4, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**ORDINANCE TO AMEND THE COUNTY CODE
TO INCREASE THE DELEGATED AUTHORITY TO ENTER INTO MINOR LEASES
(ALL) (3-VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the ordinance amending Sections 2.08.165 and 2.18.015 T of the Los Angeles County Code increasing the delegated authority of the Chief Administrative Office (CAO) and the Director of the Department of Public Works (DPW) to execute and extend minor leases under each one's respective authority, from a monthly rental cap of \$2,500 to \$7,500. Under the amended ordinance, minor leases are identified as leases with a duration of no longer than three years, and a monthly rental rate not to exceed \$7,500.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of this proposed ordinance will delegate to the CAO and DPW the right to enter into and extend minor real property leases for the use of County departments for terms not to exceed three years and monthly rental rates not to exceed \$7,500, including tenant improvements, if any.

As proposed to be amended, the ordinance will allow the CAO to process an estimated 25 leases and DPW an estimated ten leases in the next year, that except for the amended ordinance would have required Board approval. As is the policy of the CAO, the Board will be notified on a quarterly basis of all minor leases that have been executed in the prior quarter. The DPW will independently advise the Board on any minor leases approved under its authority.

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Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity. The short-term lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2).

FISCAL IMPACT/FINANCING

Since all of the facilities that will be considered minor leases under the amended ordinance are either currently occupied or would have been leased subject to Board approval, it is anticipated that there will be little fiscal impact. There will, however, be some administrative cost savings attributable to the streamlined minor lease approval process which relieves the obligation to prepare Board letters to seek approval for minor leases.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In 2001, State legislation amended Section 25350.51 of the Government Code, increasing the monthly rental cap for delegated leases from \$2,500 to \$7,500 where a county was lessee. Section 25350.51 is not self-executing, but the County can, at the Board of Supervisors' option, choose to take advantage of its provisions by adopting the enabling ordinance.

The proposed recommendation will be applicable to all minor leases going forth as of the date of your Board's approval of the amended ordinance, and all minor leases previously approved by your Board that are currently in effect, provided the departments involved indicate a desire to stay at the current facility.

As with Board approved leases, minor leases under the ordinance must comply with the following:

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- The departments involved will have to provide sufficient justification of the continued need for the space to the CAO, and the CAO will need to find that the renewal of the existing lease, or new lease as the case may be, is the best course of action.
- The facilities involved will have to meet the criteria for seismic integrity set by the DPW to be suitable for County occupancy.
- The leases will become effective upon approval and execution by the CAO or DPW, subject to the timely completion of tenant improvements, if any.
- No minor lease will contain a rental adjustment provision that will cause the monthly rent to exceed \$7,500 per month.

Additionally, the following issue will be considered:

- Though most minor leases are not large enough to support a child care facility, efforts will be made to locate minor lease facilities in close proximity to existing child care centers.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The CAO and DPW believe that the proposed recommendation is in the best interest of the County by providing a mechanism to obtain necessary space for various County requirements in a more efficient manner. The CAO and DPW will consummate minor leases only if, upon review, they are found individually to be in the best interest of the County.

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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed ordinance and the adopted, stamped Board letter, to County Counsel at 648 Kenneth Hahn Hall of Administration. Additionally, two copies of the adopted, stamped Board letter along with a copy of the executed ordinance and a certified copy of the Minute Order should be returned to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:JB:hd

c: County Counsel
Department of Public Works

ANALYSIS

This ordinance amends Sections 2.08.163 and 2.18.015 of the Los Angeles County Code to increase the delegated authority of both the Chief Administrative Officer and the Director of the Department of Public Works to enter into real property leases with a rental of up to \$7,500 per month. This amendment mirrors the 2001 statutory amendment to Section 25350.51 of the Government Code, which authorizes the County's minor lease procedures.

LLOYD W. PELLMAN
County Counsel

By
FRANCIS E. SCOTT
Principal Deputy County Counsel
Public Works Division

FES:mh

04/22/02 (Requested)

04/29/02 (Revised)

ORDINANCE NO. _____

An ordinance amending the Title 2 - Administration, of the Los Angeles County Code relating to the delegation of authority to the chief administrative officer and the director of the department of public works to enter into minor real property leases for use by county departments.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 2.08.163 is hereby amended to read as follows:

2.08.163 Leasing of Property. Pursuant to Government Code section 5350.51, the chief administrative officer is authorized to lease or amend existing leases of real property for use by county departments for a term not to exceed three years and for a rental not to exceed ~~\$2,500.00~~ \$7,500.00 per month and to amend real property leases for improvement or alterations, or both, with a total cost not to exceed ~~\$2,500.00~~ \$7,500.00 provided that the amendment does not extend the term of the lease and that no more than two amendments, not to exceed ~~\$2,500.00~~ \$7,500.00 each, are made within a 12-month period. Notice of intention to consummate such a lease shall be as required by Section 25350.51 of the Government Code.

SECTION 2. Subsection T of Section 2.18.105 is hereby amended to read as follows:

2.18.015 Director of Public Works - - Powers and duties generally.

. . .

T. Pursuant to Government Code section 25350.51, the director is authorized to lease real property for use by the department of public works for a term not to exceed three years and for a rental not to exceed ~~\$2,500.00~~ \$7,500.00 per month and to amend real property leases for improvements or alterations, or both, with a total cost not to exceed ~~\$2,500.00~~ \$7,500.00 provided that the amendment does not extend the term of the lease and that no more than two amendments, not to exceed ~~\$2,500.00~~ \$7,500.00 each, are made within a 12-month period. Notice of intention to consummate such a lease shall be provided as required by Section 25350.51 of the Government Code.

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